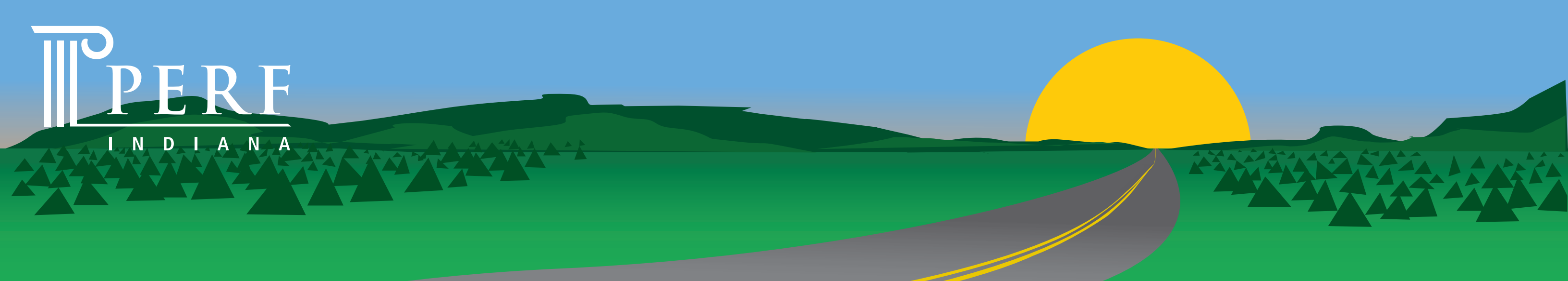

THE ROAD TO RETIREMENT: Age-Based Planning

We all share a common ambition: to enjoy a financially secure retirement. With the average life expectancy 30 years longer today than it was 100 years ago, accumulating an adequate nest egg to sustain a comfortable, but longer retirement has become more challenging. Most of us realize that retirement is something we must actively plan and save toward, but we often do not know where or when to start. Consider the following suggestions, based on where you fall within the planning cycle:

IN YOUR 20s... THE PERFECT TIME TO START

Even if your career is just getting started, it's not too early to begin planning for retirement. The two most important financial tasks in your twenties are to begin your career and start saving. Though saving may be difficult with rent, car payments, student loans and other expenses, remember that even the smallest amount saved this early will have time to compound and grow over the years.

- Maximize of the power of time and start saving now. Aim to save at least 10 percent of your income in savings instruments that have earning power. If 10 percent is out of reach, start small and commit to increasing this percentage as your financial situation improves.
- Take advantage of tax-deferred retirement plans, such as a 457 plan. Raise your contribution to at least meet your employer's match, if available. Consider investing in an IRA to supplement plans you have through your employer. Do not count on a pension and Social Security alone.
- Though individual preferences like your tolerance for risk and overall financial position should determine your investment mix, you may choose to invest more aggressively. More aggressive investing often focuses on growth investments, including stocks. Remember that stocks typically offer the potential for higher returns, but at the cost of greater risk.
- Pay off student loans and other debts, especially credit card debt.
- Resist the temptation to cash out your employer-sponsored plan. You'll likely pay income taxes and a penalty tax, and more importantly, lose the ability for this money to grow. If you are changing jobs, consider rolling the money over into another qualified retirement plan.

IN YOUR 30s AND 40s... WORKING ON IT

It's easy to get sidetracked from retirement saving during your thirties and forties, especially when the day-to-day expenses seem to overshadow the need to plan ahead. Perhaps you have gotten married, bought a home, or even started a family. Though this is a period of high expenses, don't let this derail you from saving for your retirement.

- Continue to set aside at least 10 percent of your income in tax-deferred investments. Consider a more aggressive asset allocation, if this style fits your investment goals, time horizon and tolerance for risk.
- When choosing between saving for your retirement versus saving for a college education, think about saving for retirement first. Remember that your child may have financial aid available. Many financial advisors would remind you that you are on your own for your retirement.
- Make sure you and your spouse have adequate life insurance and disability coverage.
- Draw up a will and name a guardian for your children. Understand how your marital assets are titled.
- Contact Social Security and ask for Form SSA-7004, the Request for Earnings and Estimated Benefits. It is important to check your earnings every three years, since the Social Security Administration will not correct a mistake older than this.
- Avoid tapping into retirement accounts for such things as a down payment or home improvements.
- Begin estimating what you will need for a comfortable retirement and scale back now to help you reach that goal. Apply savings to your retirement nest egg. It is also a good rule of thumb to increase your retirement plan contributions each time you receive an increase in pay.

IN YOUR 50s... GETTING CLOSER

Though retirement may seem close at hand, do not give up if your dreams seem out of reach. You still may have 20 or more years to realize your dreams. This is the perfect time to increase your savings percentage and to begin really thinking about how you plan to spend your retirement.

- As income goes up and expenses go down, divert extra cash into savings.
- Consider purchasing long-term care insurance. Failing health is a major threat to retirement savings and long-term care is more affordable the earlier it is purchased.

- Track your current expenses and then project your retirement expenses based on how you plan to live. Now is the time to accurately assess how much income you will need to achieve your goals.
- Position yourself to be debt-free by retirement.
- Though investment decisions are a very personal choice, some may decide that now is a good time to begin shifting away from more aggressive investments, while still maintaining a diversified mix.
- Take advantage of "catch-up" provisions that allow those aged 50 years and over to contribute more than the normal amount to tax-deferred plans, including 457 plans and IRAs.
- Consider boosting your savings power by working at a second job part-time. The extra hours now will pay off in retirement.

IN YOUR 60s... THE HOME STRETCH

Congratulations, you are getting close! Your dream retirement is just around the corner. By now, you should have a good idea of what expenses you will incur during retirement and what your income sources will be. But, don't forget to continue investing. You will likely enjoy retirement for a long time, so keep your investments working for you.

- Cement your retirement plans. How much will it cost and how will you pay for it? Watch out for rules of thumb that figure you'll need only 70 to 80 percent of your pre-retirement income. Your expected lifestyle and how long you will live will greatly affect how much your retirement will cost.
- Share your dreams with your spouse. It is important that partners agree on both the financial and lifestyle aspects of retirement.
- Think about how you will receive distributions of your savings during retirement. You'll want to consider options that reduce or defer taxes.
- Check with Social Security, your pension plan and other sources of income to find out how much income you can expect to receive based on the options you will choose.
- Though your investment mix may be more conservative at this point, remember to maintain a diversified asset mix that is on track to keep pace with inflation.
- Update wills, trusts and estate plans.

RETIRED AT LAST!

Though you have earned the right to sit back and enjoy life, remember that retirement planning doesn't end once you retire. Now you are faced with some important decisions involving withdrawals. Along with your financial health, make sure you are staying mentally, socially and physically active. At last, you have the time to really engage is those activities you enjoy the most.

- Your savings need to last many years. Experts generally agree that retirees should withdraw taxable investments first, so as to allow assets in tax-deferred accounts to continue to grow.
- Keep in mind that once you reach 70 1/2 years of age, you will be required to take minimum required distributions.
- Though individual circumstances can be different, retirees may choose to move their assets to more conservative investments; just remember that a diverse mix will help your investment returns outpace inflation. Continue to save.
- It may be time to make adjustments to your lifestyle. It is common for retirees to return to work, whether due to financial concerns or because they are looking for something stimulating to do.
- Polish your estate plan. Understand the tax consequences of your decisions and think about your plans for passing assets on to your children or other beneficiaries.

ON TRACK AT ANY AGE... RULES TO LIVE BY

Regardless of your age, following certain guidelines can raise the odds that you'll reach your retirement goal. Retirement planning is not easy, but the rewards of successful planning are immense.

- Learn to live below your income and commit to saving. Giving your money time to grow and compound is the best decision you can make.
- Maximize the use of tax-advantaged savings, such as tax-deferred 457 plans and IRAs. If an employer match exists, contribute at least enough to receive the match.
- Remember to review your asset allocation at least annually or as your personal situation changes, so that your mix of investments suits your financial goals and tolerance for risk.
- Avoid borrowing against your retirement savings or taking a re fund. If you leave your job, consider rolling your retirement account into another qualified retirement plan.
- Take advantage of savings instruments that allow you to deposit money directly from your paycheck. This removes the temptation to spend that money on other things, and soon, you will not notice the difference.
- If you are not on track, do not give up. Saving money is difficult, but every little bit counts.